eMemory Technology Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2024 and 2023 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2024 are all the same as the companies required to be included in the consolidated financial statements of the parent company and its subsidiaries under International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

eMemory Technology Inc.

By:

____

Charles Hsu
Chairman

February 26, 2025

勤業眾信

勤業眾信聯合會計師事務所
110016 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 110016, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
eMemory Technology Inc.

Opinion

We have audited the accompanying consolidated financial statements of eMemory Technology Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2024 is stated as follows:

1. Royalty fees are the Group's major source of revenue; refer to Note 21 for related information. When the customers of the Group, the IC design houses, use the Group's intellectual property to kick off mass production, and the goods have been produced and shipped from the wafer foundries, the wafer foundries will pay royalty fees to the Group based on a certain percentage of the wafer price.

2. The Group recognizes royalty revenue based on the contract regulations at the time the royalty reports are signed and returned. Hence, there is a risk that the royalty revenue from wafer foundries is not recognized at the appropriate time.

3. We confirmed the accuracy of the timing of royalty revenue recognition by understanding the revenue recognition policy of the Group, assessing the reasonableness of the timing of revenue recognition, performing relevant tests of controls and analytical procedures, and selecting a certain period of royalty revenue transactions before and after the end of the reporting period and checking them against the relevant supporting documents and accounting records.

Other Matter

We have also audited the parent company only financial statements of eMemory Technology Inc. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the

consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng-Chih Lin and Ya-Yun Chang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2025

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4, 6 and 27)	$ 3,307,749	74	$ 2,731,524	73
Accounts receivable - net (Notes 4, 5, 9, 21 and 27)	300,961	7	194,960	5
Other receivables (Notes 4 and 27)	1,516	-	2,965	-
Prepayments (Note 15)	20,287	1	20,170	1
Other current assets (Notes 4, 15 and 27)	6,271	-	4,974	-
Total current assets	3,636,784	82	2,954,593	79
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 7 and 27)	4,620	-	5,369	-
Financial assets at amortized cost - noncurrent (Notes 4, 8, 27 and 29)	120	-	118	-
Investment accounted for using the equity method (Notes 4 and 11)	8,681	-	12,063	-
Property, plant and equipment (Notes 4, 12, 30 and 33)	482,569	11	473,470	13
Right-of-use assets (Notes 4, 13 and 33)	11,269	-	3,607	-
Intangible assets (Notes 4 and 14)	84,839	2	79,299	2
Deferred tax assets (Notes 4 and 23)	3,276	-	3,770	-
Prepayments for equipment (Notes 15 and 30)	224,714	5	224,714	6
Refundable deposits	1,680	-	694	-
Total non-current assets	821,768	18	803,104	21
TOTAL	$ 4,458,552	100	$ 3,757,697	100

	2024		2023	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term loans (Notes 16 and 27)	$ -	-	$ 30,000	1
Contract liabilities - current (Note 21)	73,423	2	77,268	2
Other payables (Notes 17 and 27)	217,868	5	174,743	5
Other payables - related parties (Notes 27 and 28)	55	-	-	-
Bonuses payable to employees and directors (Note 22)	429,284	9	349,031	9
Payables on equipment (Note 27)	7,400	-	9,220	-
Current tax liabilities (Notes 4 and 23)	124,483	3	44,486	1
Lease liabilities - current (Notes 4, 13 and 27)	5,351	-	2,358	-
Other current liabilities (Note 17)	2,039	-	2,479	-
Total current liabilities	859,903	19	689,585	18
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 23)	941	-	-	-
Lease liabilities - noncurrent (Notes 4, 13 and 27)	6,202	-	1,314	-
Net defined benefit liabilities - noncurrent (Notes 4 and 18)	6,817	-	13,010	1
Guarantee deposits received	10	-	10	-
Total non-current liabilities	13,970	-	14,334	1
Total liabilities	873,873	19	703,919	19
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Notes 4, 19 and 20)				
Ordinary shares	746,633	17	746,423	20
Capital surplus	122,218	3	114,313	3
Retained earnings				
Legal reserve	761,844	17	761,844	20
Special reserve	5,170	-	4,980	-
Unappropriated earnings	1,934,071	43	1,400,884	37
Total retained earnings	2,701,085	60	2,167,708	57
Other equity				
Exchange differences on the translation of the financial statements of foreign operations	251	-	61	-
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(5,980)	-	(5,231)	-
Total other equity	(5,729)	-	(5,170)	-
Total equity attributable to shareholders of the Company	3,564,207	80	3,023,274	80
NON-CONTROLLING INTERESTS (Notes 4 and 19)	20,472	1	30,504	1
Total equity	3,584,679	81	3,053,778	81
TOTAL	$ 4,458,552	100	$ 3,757,697	100

The accompanying notes are an integral part of the consolidated financial statements.

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 21, 28 and 33)	$ 3,605,968	100	$ 3,050,325	100
OPERATING COSTS	-	-	-	-
GROSS PROFIT	3,605,968	100	3,050,325	100
OPERATING EXPENSES (Notes 4, 13, 22 and 28)				
Selling and marketing expenses	285,557	8	229,597	8
General and administrative expenses	324,487	9	281,717	9
Research and development expenses	1,006,157	28	846,465	28
Expected credit loss (reversal) (Notes 4, 5 and 9)	3,116	-	(54)	-
Total operating expenses	1,619,317	45	1,357,725	45
OPERATING INCOME	1,986,651	55	1,692,600	55
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 4 and 22)	71,484	2	65,256	2
Other income (Notes 4, 13 and 22)	1,386	-	1,854	-
Other gains and losses (Notes 4, 22 and 25)	99,164	3	(4,959)	-
Finance costs (Notes 4 and 22)	(582)	-	(442)	-
Share of loss of associates (Notes 4 and 11)	(3,470)	-	(3,317)	-
Total non-operating income and expenses	167,982	5	58,392	2
PROFIT BEFORE INCOME TAX	2,154,633	60	1,750,992	57
INCOME TAX EXPENSE (Notes 4 and 23)	332,375	9	288,335	9
NET PROFIT FOR THE YEAR	1,822,258	51	1,462,657	48
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 18)	5,536	-	2,083	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (loss) (Notes 4, 19 and 27)	(749)	-	455	-

(Continued)

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations (Notes 4 and 19)	$ 349	-	$ (663)	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method (Notes 4, 11 and 19)	(21)	-	9	-
Other comprehensive income for the year	5,115	-	1,884	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,827,373	51	$ 1,464,541	48
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	$ 1,834,250	51	$ 1,474,443	48
Non-controlling interests	(11,992)	-	(11,786)	-
	$ 1,822,258	51	$ 1,462,657	48
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	$ 1,839,227	51	$ 1,476,336	48
Non-controlling interests	(11,854)	-	(11,795)	-
	$ 1,827,373	51	$ 1,464,541	48
EARNINGS PER SHARE (Note 24)				
Basic	$ 24.57		$ 19.76	
Diluted	$ 24.52		$ 19.70	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Company												
	Ordinary Shares			Retained Earnings				Other Equity					
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2023	76,185	$ 761,845	$ 210,522	$ 635,956	$ 30,985	$ 1,830,114	$ 2,497,055	$ 706	$ (5,686)	$ (404,238)	$ 3,060,204	$ 33,120	$ 3,093,324
Appropriation of 2022 earnings													
Legal reserve	-	-	-	125,888	-	(125,888)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,417,769)	(1,417,769)	-	-	-	(1,417,769)	-	(1,417,769)
Reversal of special reserve	-	-	-	-	(26,005)	26,005	-	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	8,365	-	-	-	-	-	-	-	8,365	(8,365)	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	186	-	-	-	-	-	-	-	186	-	186
Issuance of cash dividends from capital surplus	-	-	(111,929)	-	-	-	-	-	-	-	(111,929)	-	(111,929)
Net profit (loss) for the year ended December 31, 2023	-	-	-	-	-	1,474,443	1,474,443	-	-	-	1,474,443	(11,786)	1,462,657
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	2,083	2,083	(645)	455	-	1,893	(9)	1,884
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	1,476,526	1,476,526	(645)	455	-	1,476,336	(11,795)	1,464,541
Issuance of ordinary shares under employee share options	25	248	7,633	-	-	-	-	-	-	-	7,881	90	7,971
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	2,022	2,022
Retirement of treasury shares	(1,567)	(15,670)	(464)	-	-	(388,104)	(388,104)	-	-	404,238	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	15,432	15,432
BALANCE, DECEMBER 31, 2023	74,643	746,423	114,313	761,844	4,980	1,400,884	2,167,708	61	(5,231)	-	3,023,274	30,504	3,053,778
Appropriation of 2023 earnings													
Special reserve	-	-	-	-	190	(190)	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,306,409)	(1,306,409)	-	-	-	(1,306,409)	-	(1,306,409)
Changes in percentage of ownership interests in subsidiaries	-	-	1,304	-	-	-	-	-	-	-	1,304	(1,304)	-
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	109	-	-	-	-	-	-	-	109	-	109
Net profit (loss) for the year ended December 31, 2024	-	-	-	-	-	1,834,250	1,834,250	-	-	-	1,834,250	(11,992)	1,822,258
Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	5,536	5,536	190	(749)	-	4,977	138	5,115
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	-	1,839,786	1,839,786	190	(749)	-	1,839,227	(11,854)	1,827,373
Issuance of ordinary shares under employee share options	21	210	6,492	-	-	-	-	-	-	-	6,702	590	7,292
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	2,536	2,536
BALANCE, DECEMBER 31, 2024	74,664	$ 746,633	$ 122,218	$ 761,844	$ 5,170	$ 1,934,071	$ 2,701,085	$ 251	$ (5,980)	$ -	$ 3,564,207	$ 20,472	$ 3,584,679

The accompanying notes are an integral part of the consolidated financial statements.

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 2,154,633	$ 1,750,992
Adjustments for:		
Depreciation expenses	46,633	40,199
Amortization expenses	103,070	85,495
Expected credit loss (reversal)	3,116	(54)
Finance costs	582	442
Interest income	(71,484)	(65,256)
Dividend income	-	(363)
Share-based payments	2,536	2,022
Share of loss of associates	3,470	3,317
Property, plant and equipment transferred to expenses	28	66
Loss on disposal of intangible assets	82	-
Net (gain) loss on foreign currency exchange	(93,508)	24,505
Lease modification benefit	(9)	-
Intangible assets transferred to expenses	1,718	632
Changes in operating assets and liabilities		
Accounts receivable	(97,605)	36,343
Accounts receivable - related parties	-	3,038
Prepayments	731	184
Other current assets	(1,297)	(817)
Contract liabilities	(3,845)	9,760
Other payables	43,128	(7,124)
Other payables - related parties	55	(10)
Other current liabilities	(440)	500
Net defined benefit liabilities	(657)	(619)
Bonuses payable to employees and directors	80,253	(35,950)
Cash generated from operations	2,171,190	1,847,302
Interest received	72,933	63,307
Income tax paid	(251,792)	(384,892)
Net cash generated from operating activities	1,992,331	1,525,717
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(54,654)	(47,462)
Increase in refundable deposits	(986)	-
Decrease in refundable deposits	-	128
Acquisition of intangible assets	(109,310)	(91,239)
Increase in prepayments for equipment	-	(224,714)
Dividends received	-	363
Net cash used in investing activities	(164,950)	(362,924)

(Continued)

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	$ -	$ 30,000
Decrease in short-term loans	(30,000)	-
Repayment of the principal portion of lease liabilities	(3,936)	(3,669)
Dividends paid	(1,306,402)	(1,529,693)
Exercise of employee share options	7,292	7,971
Interest paid	(602)	(422)
Increase in non-controlling interests	-	15,432
Net cash used in financing activities	(1,333,648)	(1,480,381)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	82,492	(17,156)
NET INCREASE (DECREASE) IN CASH	576,225	(334,744)
CASH AT THE BEGINNING OF THE YEAR	2,731,524	3,066,268
CASH AT THE END OF THE YEAR	$ 3,307,749	$ 2,731,524

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

eMemory Technology Inc. (the "Company") was incorporated in Hsinchu City, Republic of China, and commenced business in September 2000. The Company's main business activities include researching, developing, manufacturing and selling embedded flash memory products, etc.

The Company's shares have been listed on the Taipei Exchange (TPEx) since January 2011.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on February 26, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company and the entities controlled by the Company (collectively, the "Group") accounting policies:

   1) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

      The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not

restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

1) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Item of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amount of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

See Note 10, Table 3 and Table 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries and associates in other countries that are prepared using functional currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the shareholders of the Company and non-controlling interests as appropriate).

f. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each year, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Internally generated intangible assets - research and development expenditures

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible asset is the sum of the expenditures incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, such intangible asset is measured on the same basis as an intangible asset that is acquired separately.

3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amount of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication of an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the carrying amount of the asset can be allocated on a reasonable and consistent basis to the cash-generating unit (CGU), the Group compares the carrying amount of the CGU, including the portion of the asset's carrying amount allocated to the CGU, with the recoverable amount of the CGU to which the asset belongs. If this reasonable and consistent basis of allocation cannot be applied to the CGU to which the asset belongs and can be applied to the smallest group of CGUs to which the CGU belongs, this smallest group is used for impairment testing.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash, accounts receivable (including related parties), other receivables (including related parties) and other current assets are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash includes time deposits, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash is held for the purpose of meeting short-term cash commitments.

Contracts with third parties that result in restricted demand deposits are still classified as cash unless such restrictions alter the nature of the deposits, rendering them no longer meeting the definition of cash. For details regarding the contractual restrictions on the Company's use of demand deposits, please refer to Note 6. If the contractual restrictions on the use of demand deposits extend beyond 12 months after the balance sheet date, the relevant amounts are classified as non-current assets.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types . No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Licensing revenue

a) Technical service revenue

The Group identifies performance obligations from contracts with customers and recognizes revenue when performance obligations are satisfied.

b) Royalty revenue

Revenue received from the intellectual property that remains operational without renewal or technical support is royalty revenue. When customers use the intellectual property in mass production at the foundries, the royalty prices are determined based on the production volume, sales amount or other methods of measurement; and revenue is recognized in accordance with the terms of the arrangements.

l. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term resulting from a change in future lease payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

m. Borrowing costs

Other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

p. Share-based payment arrangements

Employee share options granted to employees

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options and non-controlling interests. The expense is recognized in full at the grant date if the grants are vested immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options and non-controlling interests.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards, research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions on probability of default and loss given default. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH

	December 31	
	2024	2023
Bank deposits	$ 3,307,712	$ 2,731,487
Cash on hand	37	37
	$ 3,307,749	$ 2,731,524

The market rates of cash in bank at the end of the reporting period were as follows:

	December 31	
	2024	2023
Bank deposits	0.002%-4.85%	0.001%-5.63%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2024	2023
Non-current		
Investments in equity instruments at FVTOCI	$ 4,620	$ 5,369
Domestic investments		
Unlisted shares		
Ordinary shares - Syntronix Corporation	$ 4,620	$ 5,369

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2024	2023
Non-current		
Domestic investments		
Pledged time deposits	$ 120	$ 118

a. Refer to Note 27 for information relating to the credit risk management and impairment of financial assets at amortized cost.

b. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

9. ACCOUNTS RECEIVABLE, NET

	December 31	
	2024	2023
Accounts receivable	$ 304,120	$ 195,003
Less: Allowance for impairment loss	(3,159)	(43)
	$ 300,961	$ 194,960

The average credit term is 30 to 60 days, and no interest was charged on accounts receivable. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Credit exposure is controlled by counterparty limits that are reviewed and approved.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position and economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off an account receivable when there is information indicating that the debtor is in severe financial difficulty, and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Group measures the loss allowance for accounts receivable, and the information is as follows:

December 31, 2024

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	0.84%-5.47%	1.95%-4.94%	4.35%-4.76%	100%	
Gross carrying amount	$ 258,982	$ 43,496	$ 3	$ -	$ 1,639	$ 304,120
Loss allowance (lifetime ECLs)		(1,520)	-	-	(1,639)	(3,159)
Amortized cost	$ 258,982	$ 41,976	$ 3	$ -	$ -	$ 300,961

December 31, 2023

	Not Past Due	1 to 30 Days	31 to 90 Days	91 to 180 Days	Over 181 Days	Total
Expected credit loss rate	-	0.19%	1.14%-1.18%	4.35%-4.55%	100%	
Gross carrying amount	$ 184,840	$ 9,702	$ 461	$ -	$ -	$ 195,003
Loss allowance (lifetime ECLs)	-	(33)	(10)	-	-	(43)
Amortized cost	$ 184,840	$ 9,669	$ 451	$ -	$ -	$ 194,960

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2024	2023
Balance at January 1	$ 43	$ 97
Add: Net remeasurement of loss allowance	3,116	-
Less: Net remeasurement of loss allowance	-	(54)
Balance at December 31	$ 3,159	$ 43

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2024	2023	Remark
eMemory Technology Inc.	PUFsecurity Corporation	Product designing, software services, data processing services, intellectual property, etc.	75.25%	75.38%	1
	eMemory Japan Corporation	Product designing, intellectual property management, technology services	100%	100%	2

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership December 31 2024	2023	Remark
PUFsecurity Corporation	PUFsecurity USA Corporation	Sales promotion	100%	100%	-
	PUFsecurity Technology (Shanghai) Corporation	Product designing and related services	100%	100%	3

(Concluded)

Remarks:

1) PUFsecurity Corporation increased its capital by issuing 3,000 thousand shares with a par value of NT$10 in April 2023, and the paid-in capital increased to NT$113,430 thousand, which was divided into 113,430 thousand shares with a par value of NT$1. The Company subscribed for 1,457 thousand shares in cash for NT$14,568 thousand but did not subscribe for the shares in accordance with its original shareholding proportion, which caused its the proportion of ownership to decrease from 76.17% to 75.41%.

   The employees of the Group exercised the employee share options issued by PUFsecurity Corporation in 2023. Therefore, the Company's shareholding percentage decreased from 75.41% to 75.38%.

   The employees of the Group exercised the employee share options issued by PUFsecurity Corporation in 2024. Therefore, the Company's shareholding percentage decreased from 75.38% to 75.25%.

2) The Company invested and established eMemory Japan Corporation in March 2022, and the Company remitted an investment fund of JPY50,000 thousand on October 21, 2022 and February 3, 2023.

3) PUFsecurity Corporation invested and established PUFsecurity Technology (Shanghai) Corporation in July 2022, and PUFsecurity Corporation remitted investment fund of US$250 thousand on February 3, 2023.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	December 31 2024	2023
Associates that is not individually material		
iMQ Technology Inc.	$ 8,681	$ 12,063

Name of Associate	Proportion of Ownership and Voting Rights December 31 2024	2023
iMQ Technology Inc.	2.24%	2.28%

The employees of iMQ Technology Inc. exercised the employee share option in 2023. Therefore, the Company's shareholding percentage decreased from 2.34% to 2.28%.

The employees of iMQ Technology Inc. exercised the employee share option in 2024. Therefore, the Company's shareholding percentage decreased from 2.28% to 2.24%.

Information about associates that is not individually material

	For the Year Ended December 31	
	2024	2023
The Company's share of :		
Loss from continuing operations	$ (3,470)	$ (3,317)
Other comprehensive loss	(21)	9
Total comprehensive loss for the period	$ (3,491)	$ (3,308)

Although the shareholding ratio is less than 20%, the Company is able to exercise significant influence over iMQ Technology Inc. since the chairman of the Company is the same person as the chairman of iMQ Technology Inc.

For information about the nature of business, main operating location and country of incorporation of the associate, refer to Table 3.

The investments in the associates accounted for using the equity method, and the share of profit or loss and other comprehensive income (loss) of those investments for the years ended December 31, 2024 and 2023 was based on the associate's financial statements which have been audited for the same years.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2024	2023
Assets used by the Group	$ 482,257	$ 473,153
Assets leased under operating leases	312	317
	$ 482,569	$ 473,470

a. Assets used by the Group

	Freehold Land	Buildings	Research and Development Equipment	Office Equipment	Total
Cost					
Balance at January 1, 2024	$ 123,905	$ 378,205	$ 104,512	$ 26,528	$ 633,150
Additions	-	4,915	40,828	5,866	51,609
Disposals	-	(4,968)	(25,834)	(2,508)	(33,310)
Reclassified	-	-	-	(39)	(39)
Effect of exchange rate changes	-	-	-	(13)	(13)
Balance at December 31, 2024	$ 123,905	$ 378,152	$ 119,506	$ 29,834	$ 651,397
Accumulated depreciation					
Balance at January 1, 2024	$ -	$ 105,658	$ 44,149	$ 10,190	$ 159,997
Depreciation expense	-	10,825	25,725	5,916	42,466
Disposals	-	(4,968)	(25,834)	(2,508)	(33,310)
Reclassified	-	-	-	(11)	(11)
Effect of exchange rate changes	-	-	-	(2)	(2)
Balance at December 31, 2024	$ -	$ 111,515	$ 44,040	$ 13,585	$ 169,140
Carrying amount at December 31, 2024	$ 123,905	$ 266,637	$ 75,466	$ 16,249	$ 482,257

(Continued)

	Freehold Land	Buildings	Research and Development Equipment	Office Equipment	Total
Cost					
Balance at January 1, 2023	$ 123,905	$ 394,320	$ 89,651	$ 22,613	$ 630,489
Additions	-	1,809	40,458	7,062	49,329
Disposals	-	(17,924)	(25,547)	(3,101)	(46,572)
Reclassified	-	-	(48)	(20)	(68)
Effect of exchange rate changes	-	-	(2)	(26)	(28)
Balance at December 31, 2023	$ 123,905	$ 378,205	$ 104,512	$ 26,528	$ 633,150
Accumulated depreciation					
Balance at January 1, 2023	$ -	$ 111,962	$ 49,816	$ 8,236	$ 170,014
Depreciation expense	-	11,620	19,881	5,057	36,558
Disposals	-	(17,924)	(25,547)	(3,101)	(46,572)
Reclassified	-	-	(1)	(1)	(2)
Effect of exchange rate changes	-	-	-	(1)	(1)
Balance at December 31, 2023	$ -	$ 105,658	$ 44,149	$ 10,190	$ 159,997
Carrying amount at December 31, 2023	$ 123,905	$ 272,547	$ 60,363	$ 16,338	$ 473,153

(Concluded)

b. Assets leased under operating leases

	Freehold Land	Buildings	Total
Cost			
Balance at January 1 and December 31, 2024	$ 114	$ 265	$ 379
Accumulated depreciation			
Balance at January 1, 2024	$ -	$ 62	$ 62
Depreciation expense	-	5	5
Balance at December 31, 2024	$ -	$ 67	$ 67
Carrying amount at December 31, 2024	$ 114	$ 198	$ 312
Cost			
Balance at January 1 and December 31, 2023	$ 114	$ 265	$ 379
Accumulated depreciation			
Balance at January 1, 2023	$ -	$ 57	$ 57
Depreciation expense	-	5	5
Balance at December 31, 2023	$ -	$ 62	$ 62
Carrying amount at December 31, 2023	$ 114	$ 203	$ 317

Operating leases are related to leases of buildings with lease terms of 1 year. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments was as follows:

	December 31	
	2024	2023
Year 1	$ 30	$ 30

There was no indication of impairment for the years ended December 31, 2024 and 2023.

The Group’s property, plant and equipment are depreciated on a straight-line basis over their useful lives as follows:

Buildings	
Office main buildings	35-50 years
Electrical power equipment	5-10 years
Air-conditioning equipment	5-8 years
Extinguishment equipment	5 years
Research and development equipment	3-8 years
Office equipment	3-5 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2024	2023
Carrying amount		
Buildings	$ 6,634	$ 2,488
Transportation equipment	4,469	1,119
Office equipment	166	-
	$ 11,269	$ 3,607

	For the Year Ended December 31	
	2024	2023
Additions to right-of-use assets	$ 13,140	$ 1,837
Depreciation charge for right-of-use assets		
Buildings	$ 2,614	$ 2,295
Transportation equipment	1,381	1,341
Office equipment	167	-
	$ 4,162	$ 3,636
Income from the subleasing of right-of-use assets (presented in other income)	$ (1,326)	$ (1,431)

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2024 and 2023.

b. Lease liabilities

	December 31	
	2024	2023
Carrying amount		
Current	$ 5,351	$ 2,358
Non-current	$ 6,202	$ 1,314

Discount rates for lease liabilities were as follows:

	December 31	
	2024	2023
Buildings	1.38%-7.80%	1.38%-2.00%
Transportation equipment	4.15%	2.73%
Office equipment	3.00%	-

c. Other lease information

Refer to Note 12 for operating leases related to leases arrangements of property, plant and equipment.

	For the Year Ended December 31	
	2024	2023
Expenses relating to short-term leases	$ 3,971	$ 4,348
Total cash outflow for leases	$ (8,347)	$ (8,281)

The Group's leases of certain parking space and machine rooms qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. INTANGIBLE ASSETS

	Patents	Software	Trademarks	Total
Cost				
Balance at January 1, 2024	$ 180,937	$ 85,100	$ 3,000	$ 269,037
Additions	11,754	98,656	-	110,410
Disposals	(158)	(80,552)	-	(80,710)
Reclassification	(1,718)	-	-	(1,718)
Balance at December 31, 2024	$ 190,815	$ 103,204	$ 3,000	$ 297,019
Accumulated amortization				
Balance at January 1, 2024	$ 123,077	$ 63,696	$ 2,965	$ 189,738
Amortization expense	15,955	87,092	23	103,070
Disposals	(76)	(80,552)	-	(80,628)
Balance at December 31, 2024	$ 138,956	$ 70,236	$ 2,988	$ 212,180
Carrying amount at December 31, 2024	$ 51,859	$ 32,968	$ 12	$ 84,839

(Continued)

	Patents	Software	Trademarks	Total
Cost				
Balance at January 1, 2023	$ 168,765	$ 33,193	$ 3,000	$ 204,958
Additions	12,853	78,386	-	91,239
Disposals	(49)	(26,479)	-	(26,528)
Reclassification	(632)	-	-	(632)
Balance at December 31, 2023	$ 180,937	$ 85,100	$ 3,000	$ 269,037
Accumulated amortization				
Balance at January 1, 2023	$ 106,556	$ 21,284	$ 2,931	$ 130,771
Amortization expense	16,570	68,891	34	85,495
Disposals	(49)	(26,479)	-	(26,528)
Balance at December 31, 2023	$ 123,077	$ 63,696	$ 2,965	$ 189,738
Carrying amount at December 31, 2023	$ 57,860	$ 21,404	$ 35	$ 79,299

(Concluded)

The Group's major products are NeoBit®, NeoFuse®, NeoPUF®, NeoEE® and NeoMTP®, etc. There are 1,390 patents currently owned or pending approval for the products mentioned above. According to the requirements of IAS 38, the research and development costs were recognized as research and development expenses, instead of capitalized, in the periods when incurred. The costs of the patents and the trademarks mentioned above were the costs of the relevant fees and professional service expenses for legal right applications.

The above intangible assets with finite useful lives are amortized on a straight-line basis over their useful lives as follows:

Patents	5 years
Software	1-3 years
Trademarks	5 years

15. OTHER ASSETS

	December 31	
	2024	2023
Current		
Prepayments		
Prepayments for annual fee on the patents	$ 6,816	$ 5,707
Prepayments for software	2,680	1,596
Prepayments for software maintenance	1,284	1,637
Prepayments for income tax	1,203	355
Prepayments for membership	609	1,303
Prepayments for outsourced testing	-	1,816
Others	7,695	7,756
	$ 20,287	$ 20,170

(Continued)

	December 31	
	2024	**2023**
Other assets		
Temporary payments	$ 6,271	$ 4,974
Non-current		
Prepayments for equipment		
Prepayments for building purchase	$ 224,714	$ 224,714

(Concluded)

16. SHORT-TERM LOANS

	December 31	
	2024	**2023**
Unsecured loans		
Bank loans	$ -	$ 30,000

The interest rate on bank recurring loans was 2.185% on December 31, 2023.

17. OTHER LIABILITIES

	December 31	
	2024	**2023**
Current		
Other payables		
Bonuses	$ 154,255	$ 123,990
Payable for annual leave	8,612	5,737
Payable for professional service fees	2,597	1,969
Others	52,404	43,047
	$ 217,868	$ 174,743
Other liabilities		
Receipt under custody	$ 2,031	$ 1,895
Receipts in advance	-	582
Temporary receipts	8	2
	$ 2,039	$ 2,479

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Company has no right to influence the investment policy and strategy.

The amounts based on the actuarial report of the Company's defined benefit plans were as follows:

	December 31	
	2024	**2023**
Present value of funded defined benefit obligation	$ 24,069	$ 27,961
Fair value of plan assets	(17,252)	(14,951)
Net defined benefit liabilities	$ 6,817	$ 13,010

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2023	$ 29,520	$ (13,808)	$ 15,712
Net interest expense (income)	443	(214)	229
Recognized in profit or loss	443	(214)	229
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(81)	(81)
Actuarial loss (gain)			
Changes in financial assumptions	792	-	792
Experience adjustments	(2,794)	-	(2,794)
Recognized in other comprehensive income	(2,002)	(81)	(2,083)
Contributions from the employer	-	(848)	(848)
Balance at December 31, 2023	27,961	(14,951)	13,010
Net interest expense (income)	350	(193)	157
Recognized in profit or loss	350	(193)	157
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,294)	(1,294)
Actuarial loss (gain)			
Changes in financial assumptions	(689)	-	(689)
Experience adjustments	(3,553)	-	(3,553)
Recognized in other comprehensive income	(4,242)	(1,294)	(5,536)
Contributions from the employer	-	(814)	(814)
Balance at December 31, 2024	$ 24,069	$ (17,252)	$ 6,817

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2024	**2023**
Discount rate	1.50%	1.25%
Expected rate of salary increase	4.50%	4.50%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2024	**2023**
Discount rate		
0.25% increase	$ (664)	$ (791)
0.25% decrease	$ 689	$ 821
Expected rate of salary increase		
0.25% increase	$ 658	$ 783
0.25% decrease	$ (637)	$ (758)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2024	**2023**
Expected contributions to the plans for the next year	$ 834	$ 882
Average duration of the defined benefit obligation	11.2 years	11.5 years

19. EQUITY

a. Ordinary shares

	December 31	
	2024	2023
Numbers of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	74,664	74,643
Shares issued	$ 746,633	$ 746,423

For the year ended December 31, 2023 and 2024, the shares changed due to the employees' exercise of their employee share options and the reduction in the retirement of treasury stock.

b. Capital surplus

	December 31	
	2024	2023
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of ordinary shares	$ 14,125	$ 7,633
Arising from issuance of ordinary-exercised/invalid employee share options	17,679	14,451
May be used to offset a deficit only		
Arising from changes in percentage of ownership interests in subsidiaries (2)	23,552	22,248
Arising from share of changes in capital surplus of associates (2)	63,243	63,134
May not be used for any purpose		
Arising from employee share options	3,619	6,847
	$ 122,218	$ 114,313

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries and associates resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries and associates accounted for using the equity method.

c. Retained earnings and dividend policy

Based on the Company's Articles of Incorporation state that, when the Company makes a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting accumulated losses, and setting aside as legal reserve 10% of the remaining profit. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock. The remaining profit, after setting aside or reversing a special reserve in accordance with the laws and regulations, along with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 22 (g).

The Company shall distribute dividend with considerations of the market situation and development stage, as well as future capital needs, long-term corporate development and the shareholders' cash flow needs. Based on the Company's dividend policy, in principle, the total dividends distributed shall not be less than 50% of distributable earnings, of which at least 10% will be paid as cash dividend and the remainder will be in the form of stock dividend. The board of directors shall map out the distribution proposal in consideration of future operation and capital expenditure, and present the proposal at the shareholders' meeting for approval.

An appropriation of earnings to the legal reserve shall be made until at least the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2023 and 2022 which had been approved in the shareholders' meetings on June 19, 2024 and June 9, 2023, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2023	**2022**
Legal reserve	$ -	$ 125,888
Special reserve (reversal of special reserve)	$ 190	$ (26,005)
Cash dividends	$ 1,306,409	$ 1,417,769
Cash dividends per share (NT$)	$ 17.50	$ 19.00

The Company's shareholders also resolved to issue cash dividends from the capital surplus of $111,929 thousand in the shareholders' meetings on June 9, 2023.

The appropriations of earnings for 2024 had been proposed by the Company's board of directors on February 26, 2025. The appropriations and dividends per share were as follows:

	For the Year Ended December 31, 2024
Legal reserve	$ 183,979
Special reserve	$ 558
Cash dividends	$ 1,642,608
Cash dividends per share (NT$)	$ 22

The appropriations of earnings for 2024 are subject to the resolution of the shareholders in their meeting to be held on June 11, 2025.

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2024	2023
Balance at January 1	$ 61	$ 706
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	211	(654)
Share from associates accounted for using the equity method	(21)	9
Other comprehensive gain (loss) recognized for the year	190	(645)
Balance at December 31	$ 251	$ 61

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2024	2023
Balance at January 1	$ (5,231)	$ (5,686)
Recognized for the year		
Unrealized (loss) gain - equity instruments	(749)	455
Other comprehensive income (loss) recognized for the year	(749)	455
Balance at December 31	$ (5,980)	$ (5,231)

e. Non-controlling interests

	For the Year Ended December 31	
	2024	2023
Balance at January 1	$ 30,504	$ 33,120
Change in percentage of ownership interests in subsidiaries	(1,304)	(8,365)
Share in loss for the year	(11,992)	(11,786)
Other comprehensive income (loss) during the year		
Exchange differences on the translation of the financial statements of foreign operations	138	(9)
Share-based payments	2,536	2,022
Non-controlling interests	-	15,432
Exercise of employee share options by subsidiaries	590	90
Balance at December 31	$ 20,472	$ 30,504

f. Treasury shares

Unit: In Thousands of Shares

Purpose of Buy-Back	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
2023				
Shares transferred to employees	1,567	-	(1,567)	-

In September 2018, for the purpose of transferring shares to its employees, the Company's board of directors resolved to buy back 2,500 thousand shares of the Company's ordinary shares from the TPEx market from September 14, 2018 to November 13, 2018, with a price interval ranging from NT$177.80 to NT$400 per share. The Company has bought back 1,567 thousand shares at a total cost of NT$404,238 thousand. Under the Securities and Exchange Act, shares not transferred within the said time limit shall be deemed not issued by the Company, and amendment registration shall be processed. The Company's board of directors resolved to reduce the capital on October 24, 2023, and the effective date of the capital reduction was October 31, 2023.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

20. SHARE-BASED PAYMENTS

Employee share option plan of the Company

Qualified employees of the Company were granted 500 options in February 2016. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date. The options were granted at an exercise price equal to the closing price of the Company's ordinary shares listed on the TPEx on the grant date. For any subsequent changes in the Company's ordinary shares or for any cash dividends issued in excess of the ratio required in the issuance rule, the exercise price is adjusted accordingly.

The information of employee share options was as follows:

	For the Year Ended December 31			
	2024		2023	
	Number of Options	Weighted-average Exercise Price (NT$)	Number of Options	Weighted-average Exercise Price (NT$)
Balance at January 1	44	$ 318.4	69	$ 318.4
Options exercised	(21)	318.4	(25)	318.4
Balance at December 31	23	318.4	44	318.4
Options exercisable, end of period	23	318.4	44	318.4

The weighted-average share prices on the exercise date of the share options for the year ended December 31, 2024 and 2023 were $2,388 and $1,795, respectively.

Information on outstanding options is as follows:

	December 31	
	2024	2023
Range of exercise price (NT$)	$ 318.4	$ 318.4
Weighted-average remaining contractual life (in years)	1.15	2.15

Options granted in February 2016 were priced using the Black-Scholes pricing model and the inputs of the model were as follows:

Grant-date share price (NT$)	$ 351
Exercise price (NT$)	$ 351
Expected volatility	43.24%
Expected life (in years)	6-7 years
Expected dividend yield	-
Risk-free interest rate	0.71%-0.75%

Compensation cost recognized were both NT$0 for the year ended December 31, 2024 and 2023.

Qualified employees of PUFsecurity Corporation were granted 4,089 options in September 2021. Each option entitles the holder to subscribe for one thousand ordinary shares of PUFsecurity Corporation. The options granted are valid for 5 years and exercisable at certain percentages two year after the grant date. The options were granted at an exercise price of NT$2. For any subsequent changes in PUFsecurity Corporation's ordinary shares, the exercise price is adjusted accordingly.

The information of employee share options was as follows:

	For the Year Ended December 31			
	2024		2023	
	Number of Options	Weighted-average Exercise Price (NT$)	Number of Options	Weighted-average Exercise Price (NT$)
Balance at January 1	3,418	$ 2	3,995	$ 2
Options exercised	(97)	2	(45)	2
Options forfeited	(44)	2	(532)	2
Balance at December 31	3,277	2	3,418	2
Options exercisable, end of period	1,910	2	994	2
Weighted-average fair value of options granted (NT$)	$ -		$ -	

Information on outstanding options is as follows:

	December 31	
	2024	2023
Range of exercise price (NT$)	$ 2	$ 2
Weighted-average remaining contractual life (in years)	1.71	2.71

Options granted in September 2021 were priced using the Black-Scholes pricing model and the inputs of the model were as follows:

Grant-date share price (NT$)	$ 0.53
Exercise price (NT$)	$ 2
Expected volatility	51.93%-53.25%
Expected life (in years)	3.5-4.5 years
Expected dividend yield	-
Risk-free interest rate	0.28%-0.29%

Compensation cost recognized were NT$31 thousand and NT$41 thousand for the year ended December 31, 2024 and 2023, respectively.

Qualified employees of PUFsecurity Corporation were granted 2,090 options in June 2022. Each option entitles the holder to subscribe for one thousand ordinary shares of PUFsecurity Corporation. The options granted are valid for 5 years and exercisable at certain percentages two year after the grant date. The options were granted at an exercise price of NT$4. For any subsequent changes in PUFsecurity Corporation's ordinary shares, the exercise price is adjusted accordingly.

The information of employee share options was as follows:

	For the Year Ended December 31			
	2024		2023	
	Number of Options	Weighted-average Exercise Price (NT$)	Number of Options	Weighted-average Exercise Price (NT$)
Balance at January 1	2,080	$ 4	2,080	$ 4
Options exercised	(96)	4	-	-
Options forfeited	(156)	4	-	-
Balance at December 31	1,828	4	2,080	4
Options exercisable, end of period	519	4	-	-
Weighted-average fair value of options granted (NT$)	$ -		$ -	

Information on outstanding options is as follows:

	December 31	
	2024	2023
Range of exercise price (NT$)	$ 4	$ 4
Weighted-average remaining contractual life (in years)	2.45	3.45

Options granted in June 2022 were priced using the Black-Scholes pricing model and the inputs of the model were as follows:

Grant-date share price (NT$)	$ 3.68
Exercise price (NT$)	$ 4
Expected volatility	54.33%-54.93%
Expected life (in years)	3.5-4.5 years
Expected dividend yield	-
Risk-free interest rate	1.11%-1.18%

Compensation cost recognized were NT$658 thousand and NT$1,073 thousand for the year ended December 31, 2024 and 2023, respectively.

Qualified employees of PUFsecurity Corporation were granted 420 options in September 2022. Each option entitles the holder to subscribe for one thousand ordinary shares of PUFsecurity Corporation. The options granted are valid for 5 years and exercisable at certain percentages two year after the grant date. The options were granted at an exercise price of NT$4. For any subsequent changes in PUFsecurity Corporation's ordinary shares, the exercise price is adjusted accordingly.

The information of employee share options was as follows:

	For the Year Ended December 31			
	2024		2023	
	Number of Options	Weighted-average Exercise Price (NT$)	Number of Options	Weighted-average Exercise Price (NT$)
Balance at January 1	282	$ 4	420	$ 4
Options exercised	(3)	4	-	-
Options forfeited	-	-	(138)	4
Balance at December 31	279	4	282	4
Options exercisable, end of period	82	4	-	-
Weighted-average fair value of options granted (NT$)	$ -		$ -	

Information on outstanding options is as follows:

	December 31	
	2024	2023
Range of exercise price (NT$)	$ 4	$ 4
Weighted-average remaining contractual life (in years)	2.70	3.70

Options granted in September 2022 were priced using the Black-Scholes pricing model and the inputs of the model were as follows:

Grant-date share price (NT$)	$ 3.68
Exercise price (NT$)	$ 4
Expected volatility	55.52%-56.31%
Expected life (in years)	3.5-4.5 years
Expected dividend yield	-
Risk-free interest rate	1.16%-1.18%

Compensation cost recognized were NT$131 thousand and NT$127 thousand for the year ended December 31, 2024 and 2023, respectively.

In March 2023, PUFsecurity Corporation issued shares, out of which some were reserved for employees' subscription. The Black-Scholes pricing model was used to price the shares, which was also used to calculate compensation costs as NT$0; the inputs of the model were as follows:

Grant-date share price (NT$)	$ 3.84
Exercise price (NT$)	$ 10
Expected volatility	58.88%
Expected life (in years)	12 days
Expected dividend yield	-
Risk-free interest rate	0.97%

Qualified employees of PUFsecurity Corporation were granted 2,968 options in August 2023. Each option entitles the holder to subscribe for one thousand ordinary shares of PUFsecurity Corporation. The options granted are valid for 5 years and exercisable at certain percentages two year after the grant date. The options were granted at an exercise price of NT$5. For any subsequent changes in PUFsecurity Corporation's ordinary shares, the exercise price is adjusted accordingly.

The information of employee share options was as follows:

	For the Year Ended December 31			
	2024		2023	
	Number of Options	Weighted-average Exercise Price (NT$)	Number of Options	Weighted-average Exercise Price (NT$)
Balance at January 1	2,965	$ 5	-	$ -
Options granted	-	-	2,968	5
Options forfeited	(250)	5	(3)	5
Balance at December 31	2,715	5	2,965	5
Options exercisable, end of period	-	-	-	-
Weighted-average fair value of options granted (NT$)	$ -		$ 1.82	

Information on outstanding options is as follows:

	December 31,	
	2024	2023
Range of exercise price (NT$)	$ 5	$ 5
Weighted-average remaining contractual life (in years)	3.58	4.58

Options granted in August 2023 were priced using the Black-Scholes pricing model and the inputs of the model were as follows:

Grant-date share price (NT$)	$ 4.36
Exercise price (NT$)	$ 5
Expected volatility	56.84%-60.95%
Expected life (in years)	3.5-4.5 years
Expected dividend yield	-
Risk-free interest rate	1.05%-1.09%

Compensation cost recognized were NT$1,650 thousand, and NT$781 thousand for the year ended December 31, 2024 and 2023, respectively.

Qualified employees of PUFsecurity Corporation were granted 1,163 options in October 2024.Each option entitles the holder to subscribe for one thousand ordinary shares of PUFsecurity Corporation. The options granted are valid for 5 years and exercisable at certain percentages two years after the grant date. The options were granted at an exercise price of NT$5. For any subsequent changes in PUFsecurity Corporation's ordinary shares, the exercise price is adjusted accordingly.

	For the Year Ended December 31, 2024	
	Number of Options	Weighted-average Exercise Price (NT$)
Balance at January 1	-	$ -
Options granted	1,163	5
Options forfeited	(10)	5
Balance at December 31	1,153	5
Options exercisable, end of period	-	-
Weighted-average fair value of options granted (NT$)	$ 0.35	

Information on outstanding options is as follows:

	December 31, 2024
Range of exercise price (NT$)	$ 5
Weighted-average remaining contractual life (in years)	4.81

Options granted in October 2024 were priced using the Black-Scholes pricing model and the inputs of the model were as follows:

Grant-date share price (NT$)	$ 2.87
Exercise price (NT$)	$ 5
Expected volatility	58.17%-58.65%
Expected life (in years)	3.5-4.5 years
Expected dividend yield	-
Risk-free interest rate	1.41%-1.43%

Compensation cost recognized was NT$66 thousand for the year ended December 31, 2024.

21. REVENUE

	For the Year Ended December 31	
	2024	2023
Customer contract revenue		
Royalty revenue	$ 2,471,959	$ 2,124,487
Technical service revenue	1,134,009	925,838
	$ 3,605,968	$ 3,050,325

a. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable (Note 9)	$ 300,961	$ 194,960	$ 242,452
Contract liabilities			
Technical service revenue	$ 73,423	$ 77,268	$ 67,508

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

Revenue of the reporting period recognized from the beginning contract liabilities in the previous periods is as follows:

	For the Year Ended December 31	
	2024	2023
From contract liabilities at the beginning of the year		
Technical service revenue	$ 56,668	$ 37,007

b. Partially completed contracts

	For the Year Ended December 31	
	2024	2023
Domestic	$ 2,102,300	$ 1,846,521
Asia	1,270,919	1,013,258
Others	232,749	190,546
	$ 3,605,968	$ 3,050,325

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2024	2023
Bank deposits	$ 71,471	$ 65,245
Others	13	11
	$ 71,484	$ 65,256

b. Other income

	For the Year Ended December 31	
	2024	2023
Rental income	$ 1,386	$ 1,491
Dividend income	-	363
	$ 1,386	$ 1,854

c. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Net foreign exchange gain (loss)	$ 91,360	$ (21,403)
Government grant income (Note 25)	5,510	15,841
Others	2,294	603
	$ 99,164	$ (4,959)

d. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on lease liabilities	$ 440	$ 264
Interest on bank loans	140	178
Others	2	-
	$ 582	$ 442

e. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
An analysis of depreciation by function		
Operating expenses	$ 46,633	$ 40,199
An analysis of amortization by function		
Selling and marketing expenses	$ 8	$ 33
General and administrative expenses	5,547	6,048
Research and development expenses	97,515	79,414
	$ 103,070	$ 85,495

For the information on the amortization of intangible assets allocated to each single item, please refer to Note 14.

f. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	$ 25,353	$ 23,499
Defined benefit plans (Note 18)	157	229
	25,510	23,728
Share-based payments (Note 20)		
Equity-settled	2,536	2,022
Other employee benefits	1,298,140	1,074,967
Total employee benefits expense	$ 1,326,186	$ 1,100,717
An analysis of employee benefits expense by function		
Operating expenses	$ 1,326,186	$ 1,100,717

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of 1-25% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the year ended December 31, 2024 and 2023, which were approved by the Company's board of directors on February 26, 2025 and February 21, 2024, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Employees' compensation	15%	15%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Employees' compensation	$ 389,033	$ 302,977
Remuneration of directors	$ 38,903	$ 30,298

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	$ 358,749	$ 289,328
Adjustments for prior years' tax	(27,809)	34
	330,940	289,362
Deferred tax		
In respect of the current year	1,435	(1,027)
Income tax expense recognized in profit or loss	$ 332,375	$ 288,335

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2024	2023
Profit before tax	$ 2,165,617	$ 1,762,212
Income tax expense calculated at the statutory rate	$ 434,145	$ 352,974
Nondeductible expenses in determining taxable income	7,783	9,233
Income tax on unappropriated earnings	-	-

(Continued)

	For the Year Ended December 31	
	2024	2023
Unrecognized deductible temporary differences	$ (132)	$ (97)
Investment credits used	(81,612)	(73,809)
Adjustments for prior years' tax	(27,809)	34
Income tax expense recognized in profit or loss	$ 332,375	$ 288,335

(Concluded)

b. Current tax liabilities

	December 31	
	2024	2023
Current tax liabilities		
Income tax payable	$ 124,483	$ 44,486

c. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities were as follows:

For the Year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences	$ 3,770	$ (494)	$ 3,276
Deferred tax liabilities			
Temporary differences	$ -	$ 941	$ 941

For the Year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences	$ 2,743	$ 1,027	$ 3,770

d. Income tax assessments

The tax returns through 2022 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2024	2023
Basic earnings per share	$ 24.57	$ 19.76
Diluted earnings per share	$ 24.52	$ 19.70

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2024	**2023**
Earnings used in the computation of basic earnings per share	$ 1,834,250	$ 1,474,443
Effect of potentially dilutive ordinary shares:		
Employees' compensation	-	-
Employee share options	-	-
Earnings used in the computation of diluted earnings per share	$ 1,834,250	$ 1,474,443

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2024	**2023**
Weighted average number of ordinary shares used in the computation of basic earnings per share	74,657	74,629
Effect of potentially dilutive ordinary shares:		
Employees' compensation	130	152
Employee share options	26	48
Weighted average number of ordinary shares used in the computation of diluted earnings per share	74,813	74,829

Since the Company can offer to settle bonus to employees in cash or shares, the Company assumes the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. GOVERNMENT GRANTS

PUFsecurity Corporation applied for A+ Industrial Innovation R&D Program "PUF-based AIoT Chip Secure Element R&D Project", proposed by the Ministry of Economic Affairs, and the program was approved on January 14, 2022. The total funds approved amounted to NT$70,000 thousand, and the subsidies amounted to NT$28,000 thousand. The actual distribution of government grant income, which expired on January 31, 2024, was NT$26,468 thousand, had been fully recognized as government grant income. The collateral provided by PUFsecurity Corporation included cashier checks whose drawees are banking industries and the amount was NT$28,000 thousand, and the guarantee was released on June 19, 2024.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue a going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy has no significant changes.

The capital structure of the Group consists of issued ordinary shares, capital surplus, retained earnings and other equity.

The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amount of financial assets and financial liabilities not carried at fair value approximate their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Unlisted shares	$ -	$ -	$ 4,620	$ 4,620

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Unlisted shares	$ -	$ -	$ 5,369	$ 5,369

There were no transfers between Levels 1 and 2 in the current and prior years.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	Financial Assets at FVTOCI Equity Instruments	
Financial Assets	2024	2023
Balance at January 1	$ 5,369	$ 4,914
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	(749)	455
Balance at December 31	$ 4,620	$ 5,369

3) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Unlisted shares - ROC	Income approach: utilizing discounted cash flows to determine the present value of the expected future economic benefits that will be derived from investment

c. Categories of financial instruments

	December 31	
	2024	**2023**
<u>Financial assets</u>		
Financial asset at amortized cost (Note 1)	$ 3,616,610	$ 2,934,532
Investment in equity instrument at FVTOCI	4,620	5,369
<u>Financial liabilities</u>		
Amortized cost (Note 2)	38,311	71,333

Note 1: The balances include financial assets measured at amortized cost, which comprise cash, accounts receivable, other receivables and other current assets.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, other payables (including related parties) and payables on equipment.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, accounts receivable , loans, lease liabilities and other payables (including related parties). The Group's corporate financial management function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group's main financial plans are reviewed by the board of directors in accordance with relevant regulations and internal control system.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There had been no change in the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group's operating activities are partially denominated in foreign currencies and apply the natural hedge. The purpose of the Group's management of the foreign currency risk is to hedge the risk instead of making a profit.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

<u>Sensitivity analysis</u>

The Group is mainly exposed to the exchange rate fluctuations of the USD, CNY and JPY.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar weakening 5% against the relevant currency. For a 5% strengthening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative. The sensitivity analysis included cash, accounts receivable, other receivables, payables on equipment and other payables (including related parties).

	USD Impact		**CNY Impact**		**JPY Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**		**For the Year Ended December 31**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Profit or loss	$ 42,836	$ 86,248	$ (23)	$ 196	$ (129)	$ 20

b) Interest rate risk

The Group is exposed to interest rate risk arising from financial assets and liabilities at both fixed and floating interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting periods were as follows.

	December 31	
	2024	**2023**
Fair value interest rate risk		
Financial assets	$ 2,923,495	$ 2,281,888
Cash flow interest rate risk		
Financial assets	384,337	449,717
Financial liabilities	-	30,000

Sensitivity analysis

The sensitivity analyses below are determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the assets and liabilities outstanding at the end of the reporting period was outstanding for the whole year.

If the market interest rates had increased/decreased by 0.1% and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2024 and 2023 would increase/decrease by $384 thousand and $420 thousand, respectively, mainly due to the Group's exposure to floating interest rate assets.

2) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations and result in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation mainly arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, the Group has made credit and receivable management regulations to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The credit risk on liquid funds was limited because the counterparties are banks with good credit.

Apart from the customers whose balances exceeded 5% of the accounts receivable, the Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The customers whose balances exceeded 5% of the accounts receivable are creditworthy counterparties. Therefore, the credit risk is limited.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing	$ 22,468	$ 15,537	$ 316	$ -	$ 38,321
Lease liabilities	446	968	4,286	6,413	12,113
	$ 22,914	$ 16,505	$ 4,602	$ 6,413	$ 50,434

Additional information about the maturity analysis for financial liabilities

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	$ 5,700	$ 6,413	$ -

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1+ Years	Total
Non-derivative financial liabilities					
Non-interest bearing	$ 16,727	$ 24,300	$ 316	$ -	$ 41,343
Lease liabilities	239	478	1,919	1,396	4,032
Variable interest rate liabilities	55	30,088	-	-	30,143
	$ 17,021	$ 54,866	$ 2,235	$ 1,396	$ 75,518

Additional information about the maturity analysis for financial liabilities

	Less than 1 Year	1-5 Years	5+ Years
Lease liabilities	$ 2,636	$ 1,396	$ -
Variable interest rate liabilities	30,143	-	-
	$ 32,779	$ 1,396	$ -

b) Financing facilities

	December 31	
	2024	2023
Unsecured bank overdraft facilities		
Amount used	$ -	$ 30,000
Amount unused	330,000	170,000
	$ 330,000	$ 200,000

28. TRANSACTIONS WITH RELATED PARTIES

Transactions, balances, profits and losses between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below:

a. Related party name and category

Related Party Name	Related Party Category
HeFeChip Corporation Limited	Substantive related parties (substantive related parties before September 28, 2023)
ChipWon Technology Co., Ltd.	Substantive related parties (substantive related parties from September 28, 2023 to February 29, 2024)
T.C. Chen	Key management personnel

b. Operating revenue

		For the Year Ended December 31	
Line Item	Related Party Category	2024	2023
Sales	Substantive related parties	$ -	$ 14,519

The prices that the Group transferred and granted the professional technology to related parties were decided by the two sides. The payment term was open account 30 days.

c. Operating expenses

		December 31	
Line Item	Related Party Category	2024	2023
Research material expenses	Substantive related parties	$ 5,714	$ -

The prices that the Group Operating expenses to related parties were decided by the two sides.

d. Payables to related parties

Line Item	Related Party Category/Name	December 31 2024	December 31 2023
Other payables - related parties	Key management personnel T.C. Chen	$ 55	$ -

e. Compensation of key management personnel

The compensations to directors and the key management personnel were as follows:

	For the Year Ended December 31 2024	For the Year Ended December 31 2023
Short-term employee benefits	$ 134,713	$ 121,970
Post-employment benefits	692	892
Share-based payment transactions	411	124
	$ 135,816	$ 122,986

The remuneration of directors and key management personnel, as determined by the remuneration committee, was based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group were provided as deposits for the tariff of imported raw materials:

	December 31 2024	December 31 2023
Pledged time deposits (classified as financial assets at amortized cost)	$ 120	$ 118

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENT

In addition to those disclosed in other notes, significant commitments and contingencies of the Group at balance sheet date were as follows:

Detail of significant outstanding contracts of property, plant and equipment as of December 31, 2024, including tax were as follows:

Contract	Contract Amount	Payment	Unpaid Amount
Purchase of property, plant and equipment	$ 1,815,000	$ 235,950	$ 1,579,050

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 26,215	32.785 (USD:NTD)	$ 859,468
USD	50	7.1884 (USD:CNY)	1,611
JPY	216	0.2099	46
			$ 861,125
Financial liabilities			
Monetary items			
USD	133	32.785	$ 4,368
JPY	12,476	0.2099	2,619
CNY	101	4.478	452
			$ 7,439

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 56,481	30.705 (USD:NTD)	$ 1,734,252
USD	50	7.0827 (USD:CNY)	1,533
CNY	906	4.327	3,919
JPY	8,196	0.2172	1,780
			$ 1,741,484
Financial liabilities			
Monetary items			
USD	353	30.705	$ 10,825
JPY	6,316	0.2172	1,372
			$ 12,197

The significant unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2024		2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains	Exchange Rate	Net Foreign Exchange Losses
USD	32.785 (USD:NTD)	$ 5,606	30.705 (USD:NTD)	$ (6,918)

32. SEPARATELY DISCLOSED ITEMS

In the preparation of the consolidated financial statements, major transactions between the parent and its subsidiaries and their balances have been eliminated.

a. Information on significant transactions:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 1

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 2

b. Information on investees: Table 3

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 4

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 5

33. SEGMENT INFORMATION

a. Segment revenue, operating results and segment assets

The Group's chief operating decision maker reviews the operating results regularly for the purpose of resource allocation and performance assessment. The Group's segments are aggregated into a single reportable segment.

The measurement basis of segment information presented to the chief operating decision maker is the same as that of the consolidated financial statements. The segment revenues and operating results for the years ended December 31, 2024 and 2023 can be found in the consolidated statements of comprehensive income for the years ended December 31, 2024 and 2023. The segment assets as of December 31, 2024 and 2023 can be found in the consolidated balance sheets as of December 31, 2024 and 2023.

b. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	For the Year Ended December 31	
	2024	**2023**
Royalty revenue	$ 2,471,959	$ 2,124,487
Technical service revenue	1,134,009	925,838
	$ 3,605,968	$ 3,050,325

c. Geographical information

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2024	**2023**	**2024**	**2023**
Domestic	$ 2,102,300	$ 1,846,521	$ 491,698	$ 475,314
Asia	1,270,919	1,013,258	926	1,763
Others	232,749	190,546	1,214	-
	$ 3,605,968	$ 3,050,325	$ 493,838	$ 477,077

Non-current assets include property, plant and equipment and right-of-use assets.

d. Information about major customers

Single customers contributing 10% or more to the Group’s Royalty revenue were as follows:

	For the Year Ended December 31			
	2024	**%**	**2023**	**%**
Company A	$ 932,901	38	$ 933,577	44
Company B	597,425	24	507,296	24

TABLE 1

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Number of Shares (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
The Company	Shares							
	Syntronix Corporation	-	Financial assets at fair value through other comprehensive income - noncurrent	1,210	$ 4,620	2.81	$ 4,620	Note 2

Note 1: Marketable securities mentioned in the table include shares, bonds, beneficiary certificates and the derivative securities from aforementioned items, which is under the definition of IFRS 9.

Note 2: The market value was based on the fair value as of December 31, 2024.

Note 3: As of December 31, 2024, the above marketable securities had not been pledged or mortgaged.

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	The Company	PUFsecurity Corporation	1	Sales	$ 6,349	-	0.18
			1	Other income	997	-	0.03
			1	Other gains and losses	24,068	-	0.67
			1	Finance costs	2	-	-
			1	Contract liabilities	3,239	-	0.07
			1	Other current liabilities	88	-	-
		eMemory Japan	1	Other receivables - related parties	12,981	-	0.29
			1	Operating expense	22,022	-	0.61
			1	Other payables - related parties	2,619	-	0.06
1	PUFsecurity Corporation	PUFsecurity USA Corporation	3	Operating expense	18,242	-	0.51
			3	Other receivables - related parties	5	-	-
			3	Other payables - related parties	4,310	-	0.10
		PUFsecurity Technology (Shanghai) Corporation	3	Operating expense	5,830	-	0.16
			3	Other payables - related parties	452	-	0.01

Note 1: Information about intercompany relationships should be indicated in the “No.” column, and the method of filling in the number is as follows:

1. Parent company is numbered as 0 in the “No.” column.
2. Subsidiaries are numbered sequentially according to their company name and the number starts from 1.

Note 2: There are three types of “Relationship”:

1. Parent company to subsidiaries
2. Subsidiaries to parent company
3. Subsidiaries to subsidiaries

Note 3: If financial statement accounts are classified as items in the balance sheets, the calculation of the ratio is that ending balance is divided by total assets. If the financial statement accounts are classified as items in the income statement, the calculation of the ratio is that the accumulated amount in the interim period is divided by total sales.

TABLE 3

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2024			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				December 31, 2024	December 31, 2023	Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Value			
The Company	PUFsecurity Corporation	Hsinchu County	Product designing, software services, data processing services, intellectual property, etc.	$ 275,634	$ 275,634	82,563	75.25	$ 53,511	$ (48,691)	$ (36,667)	Subsidiary
	eMemory Japan Corporation	Japan	Product designing, intellectual property management, technology services	22,255	22,255	-	100.00	6,944	1,224	1,224	Subsidiary
	iMQ Technology Inc.	Hsinchu City	Electronic parts and components manufacturing	27,900	27,900	2,057	2.24	8,681	(184,913)	(3,470)	Investment accounted for using the equity method
PUFsecurity Corporation	PUFsecurity USA Corporation	USA	Sales promotion	7,777	7,777	-	100.00	5,521	469	469	Subsidiary

EMEMORY TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND AND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024
					Outward	Inward						
PUFsecurity Technology (Shanghai) Corporation	Product designing, related service	$ 7,445 (USD 250)	Notes 1 and 2	$ 7,445 (USD 250)	$ -	$ -	$ 7,445 (USD 250)	$ 154	100.00	$ 154	$ 6,998	$ -

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 7,445 (USD 250)	$ 7,445 (USD 250)	$ 2,138,524

Note 1: Direct investment in mainland China.

Note 2: PUFsecurity Corporation invested and established PUFsecurity Technology (Shanghai) Corporation in July 2022, and PUFsecurity Corporation remitted investment fund of US$250 thousand on February 3, 2023.

TABLE 5

EMEMORY TECHNOLOGY INC.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024

No.	Name	Shares	
		Number of Shares Held	Ownership Percentage
1	SmallCap World Fund Inc.	5,972,499	7.99%
2	Government of Singapore	4,984,955	6.67%

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current year. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.